



RSPCA submission to Competitions Markets Authority Veterinary provision consultation

Do you consider that our analysis is correct with respect to the suspected features of concern in the supply of veterinary services and related services for household pets in the UK? You may wish to answer this in relation to specific points such as:

Yes, we feel that this is a fair summary of the situation and the factors that the RSPCA identified as causing issues for us as an animal welfare organisation. These issues relate not only to our own use of veterinary services, but also the wider consumer issues that are driving increased and unsustainable demand on charitable provision and increased animal welfare compromise.

Are consumers given enough information to enable them to choose the best veterinary practice or the right treatment for their needs;

The RSPCA agrees with the CMA that there are issues around the visibility of who owns the practice, which includes not just the vet group themselves but the ultimate owners e.g. Mars group which owns many franchises. The public should be aware of these links.

The RSPCA believes that suggesting increased transparency on pricing is not easy as first appears. Aside from the obvious routine operations and preventative treatments there can be a lot of variability in how a treatment should be approached. For instance a case of diarrhoea needs to be approached on the animal that is presented to the veterinarian and there may be a number of different options available all with different price points. Whilst the RSPCA would agree that there could certainly be more transparency around routine/ package pricing care needs to be taken that this does not lead to a “race to the bottom” on pricing with costs increased elsewhere. It is important that transparency on pricing does not result in animal welfare being compromised on the sick pet being presented. This could result in cheaper veterinary options being taken ultimately resulting in more animal welfare compromise and more demand on charitable services in acute welfare scenarios. We would urge the CMA to consider these unintended consequences very seriously and be sure to consider the overall animal welfare impact. It is key to remember that the overall goal of the veterinary sector is improving animal welfare, not the consumer who will not have detailed knowledge of the animals’ needs or indeed treatment that is being suggested.

The RSPCA has concerns about statements used by the CMA on pricing and choice. The statement that “*Pet owners are, therefore, likely to follow their vet’s recommendation of a treatment plan*” feels like it could be a criticism of the market, when in fact, if the market was functioning well and individual vets were well supported with an appropriate professional framework, the pet owner following the vet’s recommendation should result in the best outcome for animal welfare. Veterinary medicine is complicated and animals do not have a voice of their own, a distinct difference to human medical situations. The

owner cannot be treated as a proxy for the animal, as they are not knowledgeable enough to articulate what the animal would want. In fact occasionally the owner's wants and needs for their pet e.g. to keep the animal alive for as long as possible, may be in direct opposition to what the animal actually needs for their welfare to be improved. If an animal is suffering its main needs are to reduce and resolve the suffering as quickly as possible. This is why the vet has to be supported within their profession and workplace to be able to act in accordance with their oath and put "the health and welfare of animals above all else". This does sometimes mean telling owners things they don't want to hear.

It is important that vets are able to explain and advise on different treatment options. However, feedback the RSPCA receives from owners whose animals we treat, suggests that pet owners struggle when the vet presents a lot of options and leaves the decision up to the owner. As the pet owner is not an expert they simply don't have the knowledge to act for their pet in this way. The six years vets spend studying gives them a much better understanding of the needs of an animal presented to them. It is how this balance is achieved (between the lack of knowledge of the owner whilst ensuring the vet's proposals are not skewed by business targets (financial or procedure based), that is crucial. For instance, preferred treatment pathways may involve extensive testing for particular conditions so the solution is not and should not be simply giving the owner more choice. The welfare of the animal has to be placed at the centre of this discussion and at present the RSPCA doesn't feel that this is currently the case.

There is a gap in the CMA's work around other factors that have driven the more advanced and technical procedures being routinely offered. Whilst a rise in certain television programmes showing advanced, but expensive, procedures have certainly given some pet owners an unrealistic view on what their vet can do for their pet, there has also been a rise in "defensive practice" in vets and an increase in fear of being sued by the client. This has been referenced in RVC surveys. This relates to the fear of being sued if something went wrong and the vet had not "offered everything". There is no clear answer as to where this fear is coming from and whether this is indeed being driven from within corporate organisations, their target driven middle management levels and their increasing relationships with universities through practices providing out-sourced education of vet students.

Animal welfare should be at the centre of any discussion on veterinary services. Whilst it is important that the CMA is looking at this issue through the lens of consumer choice, leading to statements such as "*it is, therefore, particularly important that consumers are provided with the information they need at the right time so that they can choose the treatment plan that is right for them*" the overall outcome must surely be improved animal welfare, not clients being able to demand services that go against the veterinary oath because they compromise animal welfare. The difficult discussions around euthanasia on veterinary or medical grounds is perhaps the best example of where a client could demand a procedure which is against veterinary advice or indeed the oath taken at the end of veterinary studies. The CMA should think about how animal welfare is considered foremost in this inquiry and the RSPCA would be happy to have further discussions on this difficult, emotive but vital issue.

Do concentrated local markets lead to weak competition in some areas;

Yes, this has been the RSPCA's experience and has had a direct negative impact on the provisions of our work. For instance the lack of competition in certain areas has resulted in the loss of charitable discounts and in some areas loss of a service altogether.

Do large integrated groups have incentives to act in ways which reduce choice and weaken competition;

The CMA correctly identifies in its initial report that it is not clear who owns particular clinics and related services. Some veterinary practices are owned by group services who may be unidentified in the practice. This can particularly be a problem with referral services as the same corporate groups could own both the first opinion and referral services but this relationship is not known to the client. This increases the pressure on vets to refer and ensure the referral services are busy and viable. This has a number of significant implications for the client. Firstly it drives increased costs, secondly it drives an increase in complexity of treatments that may not always be in the animal's best welfare interests and the third, perhaps most importantly, is that it drives down the skill level of vets in private option practice who no longer get to perform a range of procedures. These deskilled vets are then left with no option but to refer, with the increased costs that entails.

The RSPCA has found that vets within corporate practice are being forced to refer to vets within related referral centres where these centres may not be the most appropriate, most cost effective, or even have the appropriately qualified "specialists".

The RSPCA particularly agrees with the CMA's finding regarding "*the incentive and ability of large groups to concentrate on providing higher cost treatment options*" as we believe this is fundamental to the market failure that currently exists. We also believe that this is a key factor that is resulting in animal welfare detriment. There is harm caused when owners are only offered the higher cost treatment options and they can't afford them. The RSPCA knows from its own experiences that this is often leaving animals without any treatment, because cheaper contextual options are not being offered or provided. Although these options may be less "ideal" in terms of risks of side effects or certainty of success, they are often recognised options that have often been used and accepted by both vet and client for many years. Euthanasia is the best example of an important treatment option to relieve suffering when other options are not possible. Euthanasia is a vital welfare tool and the RSPCA believes that there are circumstances where significant overcharging occurs in the offering of this service.

There are a number of reasons why vets may only be offering the so-called "gold standard" (a term we strongly refute as these approaches often do not prioritise animal welfare). This may be because the vets are only "allowed" to offer these options within the practice protocol/ targets structure of the veterinary practice, or it may be because the vet has lost the skills, knowledge and confidence to offer the lower cost pragmatic or "contextualised" options. It may not be as easy to use commercial levers to influence this element of veterinary practice, but in our view it is absolutely critical.

Vets have obligations to provide emergency treatment, including euthanasia, to relieve suffering under the RCVS code of conduct. The RSPCA has been regularly made aware of situations where clients have

been denied access to this service because of practice policies around the requirement of payment up front. We have sympathy for the fact that no one should be expected to work for free and that this situation could be abused, but the fundamental responsibility to relieve suffering is set out in the Code and where practices are not allowing this the vet is being placed in an impossible position.

Are pet owners overpaying for medicines or prescriptions?

Whilst this is less of an issue for the RSPCA, we are aware that the option for prescriptions does exist and in our experience is often offered when drug costs are a concern. It is expensive to maintain a pharmacy and undertake stock control and management under the RCVS/VMD regulations. There are animal welfare benefits from practices holding medication and being able to prescribe it there and then. Internet pharmacies usually have several days before they can prescribe medication, when starting a course of treatment this delay can have significant impacts. If income/ profit from medication drops as a result of any regulatory changes that this is likely to result in increased fees for professional services. In our view this is likely to have a more negative impact on animal welfare.

Is the current regulatory framework remains fit for purpose.

There is widespread agreement, including from the Chief Veterinary Officer and the Defra Secretary of State, that the Veterinary Surgeons Act 1966 is dramatically out of date. The individual professionals carry all the risk and the businesses are making all the profit. This has been very evident even during the running of this inquiry.

It has been concerning how the media coverage has focused on “vet costs” and “expensive vets”, when the vets themselves increasingly have no control over charging or their approach to cases. There is a need to distinguish between the veterinary industry which is what the CMA enquiry is focused on, and the veterinary profession. There is a danger that the CMA enquiry, if focused too much on the veterinary profession, could result in a worsening of working conditions for vets. This would be very unfortunate and not helpful to animal welfare. A reframing of this work focusing more on the veterinary industry and less about the individual vets, will result in improved engagements from professionals and a less defensive approach from the veterinary profession and its trade bodies. It is clear that the profession itself does not always understand the distinction.

There is a gap in the analysis around the impact on the professionals and other team members working in the industry. In our experience vets and RVNs are often very unhappy with their working conditions, their limitations on professional freedoms, being driven by a target culture and the challenges of meeting their professional requirements. Some corporate veterinary groups have claimed when responding to the CMA enquiry, that increasing salaries were driving the business price increases. However the evidence base for this claim seems scanty. Indeed, salaries in the veterinary sector have risen far less than would be expected given the recruitment and retention challenges that the sector is facing now, particularly post Brexit. Consumers are going to get a very raw deal if there are even fewer vets around in the future.

Do you consider that our analysis is correct with respect to the reference test being met in relation to the supply of veterinary services and related services for household pets in the UK?

Yes

Do you agree with our proposal to exercise our discretion to make a reference in relation to the supply of veterinary services for household pets in the UK?

Yes

Do you consider that the proposed scope of the reference, as set out in the draft Terms of Reference published alongside this document, would be sufficient to enable any adverse effect on competition (or any resulting or likely detrimental effects on customers) caused by the features referred to above to be effectively and comprehensively remedied?

No. The RSPCA believe that there are particular factors at play in the veterinary industry that require a broader and more holistic approach. As discussed above the RSPCA is concerned about the regulatory environment only being referred to in relation to medicines.

We would support communication with owners around how they access vet care. However, this has to be done bearing in mind the fact that the ultimate beneficiaries of vet care are not the customers, but their animals. Vets often have to tell owners things they don't want to hear and act as the voice of the animal. This means that the relationship is already very different from a simple provision of services that the customer wants. It is important to give due consideration to the responsibilities that customers have in relation to the welfare of animals in their care. A race to the bottom on costs and owners not appropriately valuing quality veterinary care will only result in worse animal welfare outcomes. The RSPCA is happy to speak to the CMA about this advice and, if helpful, can provide information about the legal responsibilities that owners have in relation to their animals' welfare as covered by the Animal Welfare Act.

We are concerned that there doesn't seem to be any consideration around the staff that work within the industry and recognition that they have been impacted by the changes in how the industry operates. It is important that changes that come out of this review do not worsen the situation, drive further retention issues and result in collapse of the whole system. This may sound extreme but many practices are running without a full complement of staff and it would not take much for the pressure of worsening staff retention combined with other systemic issues in the sector, such as the type of breeds being seen/ increasingly need for vet care to become a crisis.

Do you have any views on our current thinking on the types of remedies that a Market Investigation Reference (MIR) could consider? These are such as mandating the provision of certain information to consumers, imposing maximum prescription fees and ordering the sale or disposal of a business or assets. Are there other measures we should consider?

The RSPCA has concerns that the measures set out do not seem to include any consideration of what the animal welfare impacts might be. The veterinary industry is unusual in that the beneficiary is not, ultimately, the consumer, but their animal. I feel that it is crucially important that any changes are assessed through the lens of animal welfare impact. We would be happy to speak to you about this.

The regulatory changes feel like the most significant here. Requiring costs to be published feels likely to just drive the profession to run “loss leaders” and drive up costs elsewhere, with possible (probable) animal welfare detriment.

We would support measures that decouple first opinion and referral levels services and ensure that first opinion practice can be viable as stand alone businesses.

Do you have any views on areas where we should undertake further analysis or gather further evidence as part of an MIR in relation to the supply of veterinary services for household pets in the UK? We would particularly welcome any specific evidence from respondents in support of their views.

The key area which requires more focus in our view is about how the industry caters to pet owners of different financial means. We don't want a race to the bottom, there has to be different price points available for pet owners across different income groups. The challenge is how that can be captured and maintained in a modern business model which has, over recent years, chosen to jettison the less wealthy pet owners while aiming to make more money off a smaller number of well off pet owners. This is evidenced through the increased use of targets such as average transaction value, the investment and target driven use of advanced tools such as CT scanners etc. This has been the dominant thinking within the sector and has left many pet owners without suitable, affordable provision.